

# August 18, 2010 RUS Quarterly ARRA Report

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## **Broadband Initiatives Program Quarterly Program Status Report**

Submitted to:  
The Committee on Appropriations  
United States Senate  
and  
The Committee on Appropriations  
United States House of Representatives

August 18, 2010

U.S. Department of Agriculture Rural Development  
Rural Utilities Service (RUS)

### **Executive Summary**

USDA's Rural Utilities Service (RUS) is pleased to provide a quarterly status report to Congress on the Broadband Initiatives Program (BIP), established under the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Recovery Act authorized RUS to provide grants and loan awards to fund the deployment and construction of new broadband infrastructure through BIP.

This report focuses on key steps RUS has taken to advance the directives established by Congress in the Recovery Act, including the release of a first and second Notice of Funds Availability (NOFA); public outreach to increase participation among all eligible entities; application review; and announcement of awards.

To ensure prudent utilization of Recovery Act funds, RUS is coordinating closely with other Federal agencies to expand the current level of broadband access available in rural America. Since the enactment of the Recovery Act in February 2009, RUS has worked jointly with the National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission (FCC) to leverage core competencies and program resources to achieve the Administration's objectives for economic recovery, job creation, and broadband deployment. RUS intends that all of America will be the ultimate beneficiary of these efforts by bridging the digital divide faced by rural communities, which inhibits rural economic development. Consequently, RUS and NTIA have coordinated their respective program requirements and provided applicants with one web portal: [www.broadbandusa.gov](http://www.broadbandusa.gov). This portal is used by interested parties to access information on broadband Recovery Act initiatives, including funding notices, frequently asked questions, an on-line application data base, pending applications, and project awards.

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Under our first NOFA the first round of funding, NTIA and RUS received over 2,200 applications requesting over \$28 billion in funding, nearly 7 times the amount of funds available in the first round. Among this total, 401 were BIP-only applications that requested \$4.974 billion; another 833 applications were joint applications to BIP and NTIA's Broadband Technology Opportunities Program (BTOP) totaling \$12.791 billion. Between December and March 2010, RUS announced a total of 68 awards under NOFA I totaling \$1.067 billion for broadband projects in 31 states and 1 territory.

On January 15, 2010, RUS and NTIA jointly announced separate but coordinated BIP and BTOP NOFAs for round two funding on [www.broadbandusa.gov](http://www.broadbandusa.gov). The two NOFAs were published in the Federal Register on January 22, 2010. The BIP application window initially was to close on March 15, 2010, and was extended to March 29, 2010, to provide customers with an extended application window. RUS received 776 applications for BIP under the second funding notice totaling almost \$11.2 billion in loan and grant requests.

Similar to the applicant workshops held for the first NOFA, in January and February 2010, RUS and NTIA conducted 9 joint workshops to help prospective applicants better understand the mission, scope, process and application requirements of the BIP and BTOP programs. RUS published a Request for Proposals (RFP) on May 7, 2010, seeking applications for grants for Satellite Projects for premises that remain unserved after all other Recovery Act broadband funding is awarded, for Technical Assistance grants available to awardees under NOFA I or Applicants under NOFA II and tribal governments for developing regional broadband development strategies using broadband for rural regional economic development, and for grants to provide broadband service to rural libraries that received funding from USDA's Community Facilities program. The application window closed on June 7, 2010, with grant requests received for 27 Satellite grants totaling \$980 million, 50 Technical Assistance Grants for \$9.3 million and two Rural Library grants totaling \$146,693. The total of all grant requests for this RFP is approximately \$989 million.

RUS is in the process of evaluating applications received and all BIP funds will be obligated by September 30, 2010.

Between June 14, and 24, 2010, RUS conducted two workshops for NOFA I award recipients to instruct them on the reporting and compliance requirements with the acceptance of awards. The workshops also featured panels focusing on successful broadband deployment and maximizing economic development opportunities.

On July 2, 2010, President Barack Obama announced the first awards for NOFA II for both USDA and NTIA. For USDA, a total of \$390.9 million was invested in 37 awards in 23 states and Native American lands.

Additional NOFA II awards have been announced between July 2, and August 18, 2010, that bring the total USDA investment of rounds one and two to \$3.03 billion in program level funding to construct 262 broadband projects in 45 states and one territory. RUS remains fully confident that all of the budget authority provided by Congress will be invested prudently by the September 30, 2010, deadline.

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## **Summary of Previous Reports**

The first NOFA for the BIP and NTIA's Broadband Technology Opportunities Program (BTOP) was announced by Vice President Biden on July 1, 2009. The joint NOFA provided for an application window from July 14, 2009, through August 14, 2009. As a consequence of unanticipated demand and technical shortcomings, both NTIA and RUS extended the application deadline until August 20, 2009, for those entities that had begun the application process by the original deadline of August 14, 2009.

NTIA and RUS received over 2,200 applications requesting over \$28 billion in funding, nearly 7 times the amount of funds available in the first round. Among this total, 401 were BIP-only applications that requested \$4.974 billion; another 833 applications were joint applications to BIP and BTOP totaling \$12.791 billion. The application summaries and associated proposed service area maps were posted on [www.broadbandusa.gov](http://www.broadbandusa.gov). For USDA, where incumbent service providers were given the opportunity to review applicant maps and comment on the status of broadband availability in the proposed service areas.

In October, 2009, following extensive review of the process and results of the first NOFA, RUS and NTIA concluded that issuing only one additional NOFA would better achieve the goals and funding objectives outlined by Congress and the Administration. Concurrently, representatives of the Government Accountability Office testified before the Senate Committee on Commerce, Science, and Transportation, and similarly recommended that both RUS and NTIA issue only one additional NOFA. The goal was to allow applicants more time to develop and submit viable applications.

A joint Request for Information (RFI) by RUS and NTIA was published in the Federal Register on November 16, 2009. The RFI solicited public comment on ways to improve upon the first NOFA and sought suggestions on how the agencies could streamline and simplify the application process. The public comment period concluded on November 30, 2009, thereby allowing sufficient time to design, publish, and implement the second NOFA.

## **NOFA II Additional Funding Opportunities**

Additional funding opportunities were offered under NOFA II to ensure the long term benefits of the BIP in rural America. A Request for Proposal (RFP) was issued as part of the second NOFA to allow satellite providers to compete for approximately \$100 million to provide broadband services to rural customers that remain unserved after all Recovery Act broadband awards are made.

BIP award recipients under NOFA I and applicants under NOFA II were eligible to apply for Technical Assistance grants for the development of a USDA-approved regional economic development plan focusing on broadband. This will further broadband deployment and rural economic development beyond projects funded by the Recovery Act. Indian Tribes, whether or not they are awardees under either NOFA or applicants under NOFA II, were also eligible to apply for the Technical Assistance grants.

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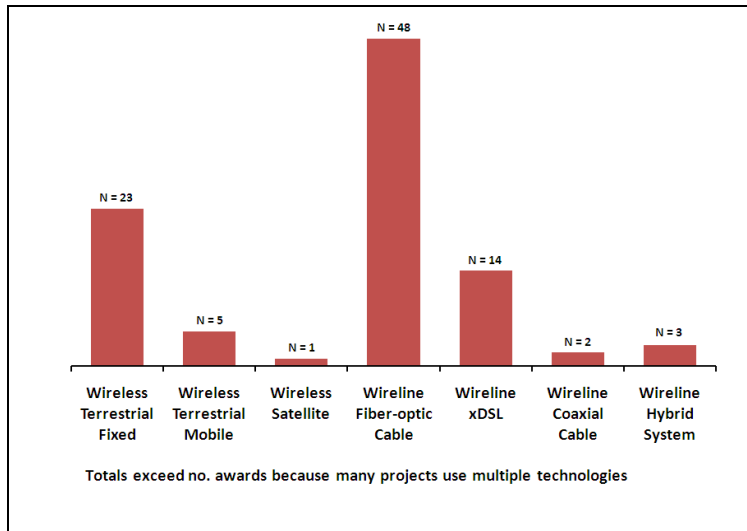
Awardees under either NOFA were also eligible for grant funds to provide broadband connectivity to rural libraries funded by USDA's Community Facilities program. The application window closed on June 7, 2010, with grant requests received for 29 Satellite grants totaling \$980 million, 50 Technical Assistance Grants for \$9.3 million and two Rural Library grants totaling \$146,693. The total of all grant requests for this RFP is \$989 million.

### Awards Under the First Round of Funding

Between December 2009 and March 2010, RUS announced a total of 68 awards for broadband projects in 31 states and 1 territory totaling \$1.067 billion.

Project Type	Number of Awards	Total Grant Awarded(\$Millions)	Total Loan Awarded (\$Millions)	Total Amount Awarded (\$Millions)
Last Mile Remote	13	149.9	11.2	161.1
Last Mile Non-Remote	49	345.3	393.7	739.0
Middle Mile	6	86.3	81.2	167.5
<b>Total</b>	<b>68</b>	<b>581.5</b>	<b>486.0</b>	<b>1,067.5</b>

### *NOFA I Awardees: Technology*



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### *Awards by State*

State or Territory	No. Awards	Total Dollars Awarded (\$Millions)	State or Territory	No. Awards	Total Dollars Awarded (\$Millions)
Alaska	4	\$117.1	Minnesota	4	\$63.9
Alabama	1	\$3.9	Missouri	2	\$29.4
American Samoa	1	\$91.0	Mississippi	1	\$8.4
Arizona	1	\$7.1	Montana	1	\$4.4
California	2	\$9.3	North Dakota	1	\$28.3
Colorado	2	\$5.1	Nebraska	5	\$0.8
Georgia	1	\$8.2	New Hampshire	1	\$1.0
Hawaii	1	\$0.1	New Mexico	4	\$25.6
Iowa	4	\$9.0	New York	1	\$5.3
Idaho	1	\$12.3	Ohio	4	\$12.2
Illinois	1	\$22.8	Oklahoma	4	\$30.8
Indiana	2	\$49.1	Oregon	3	\$2.1
Kansas	5	\$124.3	Tennessee	1	\$49.7
Kentucky	1	\$78.1	Texas	5	\$179.1
Louisiana	3	\$53.0	Virginia	1	\$16.1
Michigan	2	\$16.9	West Virginia	1	\$2.9

\* No. Awards totals 71 because three awards have a service area within two adjacent states

### **NOFA II Applications**

On January 15, 2010, RUS and NTIA jointly announced separate BIP and BTOP NOFAs on [www.broadbandusa.gov](http://www.broadbandusa.gov). The two NOFAs were published in the Federal Register on January 22, 2010. RUS established an application window for BIP from February 16, 2010, through March 15, 2010. The closing date was subsequently extended until March 29, 2010, to allow applicants additional time as all applicants were not notified of their status until February 26, 2010, and, maps of proposed service areas were not available until February 25, 2010. The extension met the original RUS objective to allow applicants 4 weeks to complete applications from the date of availability of information on the NOFA I awards. The Request for Proposal to solicit grant applications for the Technical Assistance, Rural Library, and Satellite programs, as described in the second NOFA, was announced by RUS on May 7, 2010.

RUS received 776 applications for BIP under the second funding notice totaling almost \$11.2 billion. Currently, verification of application information is underway. Approximately 4 percent of the applications were submitted by public entities and nearly 76 percent of the applications were submitted by for-profit corporations. While more than one-half of the NOFA II applicants did not apply in NOFA I, approximately 25 percent of NOFA I awardees submitted a NOFA II application. Over 40 percent of NOFA I applicants who were not awarded funds submitted a NOFA II application. Sixty-one applicants submitted multiple BIP applications. Application summaries and associated proposed funding service area maps are posted on [www.broadbandusa.gov](http://www.broadbandusa.gov). The following chart shows the number of applications received and the amounts requested according to the applicants:

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### *Application Type and Loan/Grant Request*

<b>Project Type</b>	<b>Number of Applications</b>	<b>Total Grant Requested (\$Millions)</b>	<b>Total Loan Requested (\$Millions)</b>	<b>Total Amount Requested (\$Millions)</b>
Last Mile	746	6,548.5	3,804.6	10,353.0
Middle Mile	30	591.5	252.9	844.3
<b>Total</b>	<b>776</b>	<b>7,140.0</b>	<b>4,057.5</b>	<b>11,197.3</b>

### **NOFA II Awards**

On July 2, 2010, the first NOFA II awards were announced for 37 projects in 23 states. The investment in ARRA funding for this group of awards is \$390.9 million.

Additional NOFA II awards have been announced, between July 2, and August 18, 2010, that bring the total for NOFA I and NOFA II USDA investments of rounds one and two to \$3.03 billion in program level funding to construct 262 broadband projects in 45 states and one territory. RUS reached that amount by leveraging the \$2.5 billion in budget authority given by Congress to offer loans that will be repaid.

### **Awards by State**

<b>State or Territory</b>	<b>Total Dollars Awarded (\$Millions)</b>	<b>State or Territory</b>	<b>Total Dollars Awarded (\$Millions)</b>
Alaska	\$122,372,223	Mississippi	\$21,394,014
Alabama	\$32,708,553	Montana	\$113,901,388
Arkansas	\$13,932,771	North Carolina	\$132,560,986
American Samoa	\$91,034,763	North Dakota	\$68,752,424
Arizona	\$35,577,681	Nebraska	\$12,042,292
California	\$24,466,807	New Hampshire	\$3,378,729
Colorado	\$12,084,835	New Mexico	\$26,042,896
Florida	\$52,342,881	Nevada	\$2,429,000
Georgia	\$87,886,392	New York	\$47,830,743
Hawaii	\$106,503	Ohio	\$26,835,104
Iowa	\$127,447,392	Oklahoma	\$129,612,608
Idaho	\$14,299,480	Oregon	\$19,577,098
Illinois	\$44,298,632	Pennsylvania	\$38,012,157
Indiana	\$52,230,307	South Carolina	\$3,979,868
Kansas	\$148,368,789	South Dakota	\$17,577,288
Kentucky	\$305,371,427	Tennessee	\$184,655,549
Louisiana	\$52,967,355	Texas	\$209,584,946
Massachusetts	\$486,349	Utah	\$11,670,038

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Maryland	\$1,209,352	Vermont	\$122,390,810
Maine	\$9,404,866	Virginia	\$17,658,630
Michigan	\$59,605,880	Washington	\$41,516,115
Minnesota	\$109,418,267	Wisconsin	\$90,461,565
Missouri	\$154,054,324	West Virginia	\$35,096,978
		Satellite	\$100,000,000
		TOTAL	\$3,028,637,053

### Program Milestones

Below is a chart depicting past and upcoming milestones for BIP. Dates and activities may change based upon future developments or circumstances.

### BIP PROGRAM PHASES AND ANTICIPATED MILESTONES

Activity	Dates	Status
<b>Phase 1: Program Design</b>	February-June 2009	Completed
<b>Phase 2: Program Implementation</b>	June 2009-September 2010	
NOFA I Published	July 9, 2009	Completed
Outreach Workshops	July-August 2009	Completed
Submission of Applications	July 31-August 20, 2009	Completed
NOFA I Funding Awards Announced	December 2009-March 2010	Completed
RFI Published and Comment Period	November 16-30, 2009	Completed
NOFA II Published	January 22, 2010	Completed
Outreach Workshops	January-February 2010	Completed
Submission of Applications	February 16-March 29, 2010	Completed
Published RFP for Satellite, Technical Assistance and Rural Libraries programs	May 7, 2010	Completed
Submission of Applications for RFP for Satellite, Technical Assistance and Rural Libraries programs	May 7,- June 7, 2010	Completed
Award recipient Informational Training Workshops for NOFA I	June 14-24, 2010	Completed
First NOFA II awards announced	July 2, 2010	Completed
NOFA II Funding Awards Announced	Before September 30, 2010	
<b>Phase 3: Final Program Audits and Shut-down</b>	September 30, 2014	

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### **Next Report**

The next quarterly report will be submitted by November 17, 2010